



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
GREENUP COUNTY FISCAL COURT**

Fiscal Year Ended June 30, 2001

**EDWARD B. HATCHETT, JR.
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EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE GREENUP COUNTY FISCAL COURT

Fiscal Year Ended June 30, 2001

The Auditor of Public Accounts has completed the Greenup County Fiscal Court audit for fiscal year ended June 30, 2001. We have issued an unqualified opinion on the financial statements taken as a whole. Based upon the audit work performed, the financial statements are presented fairly in all material respects.

Financial Condition:

Fund balances decreased by \$131,741 from the prior fiscal year, resulting in a cash surplus of \$1,942,573 as of June 30, 2001. Revenues increased by \$3,022,463 from the prior year and disbursements increased by \$2,061,994.

Debt Obligations:

Total bonded debt principal as of June 30, 2001, was \$2,145,000. Future collections of \$2,354,673 are needed over the next 11 years to pay all bonded debt principal and interest.

Deposits:

The fiscal court's deposits were insured and collateralized by bank securities or bonds.

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EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Paul E. Patton, Governor

T. Kevin Flanery, Secretary

Finance and Administration Cabinet

Dana Mayton, Secretary, Revenue Cabinet

Honorable Robert W. Carpenter, Greenup County Judge/Executive

Members of the Greenup County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and fund balances arising from cash transactions of Greenup County, Kentucky, as of June 30, 2001, and the related statement of cash receipts, cash disbursements, and changes in cash balances for the year then ended. These financial statements are the responsibility of the Greenup County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, Greenup County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received, except for the recording of long-term receivables and deferred revenue. Expenditures are recognized when paid, except for the recording of long-term obligations and amounts to be provided in future years. The modified cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balances arising primarily from cash transactions as of June 30, 2001, of Greenup County, Kentucky, and the revenues received and expenditures paid for the year then ended, in conformity with the modified cash basis of accounting described above.

To the People of Kentucky
Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Robert W. Carpenter, Greenup County Judge/Executive
Members of the Greenup County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated January 28, 2002, on our consideration of Greenup County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The accompanying financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Greenup County, Kentucky. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a stylized flourish at the end.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
January 28, 2002

GREENUP COUNTY OFFICIALS

Fiscal Year Ended June 30, 2001

Fiscal Court Members:

Robert W. Carpenter	County Judge/Executive
Nelson Allen	Commissioner
Tony Quillen	Commissioner
Robert Workman	Commissioner

Other Elected Officials:

Michael C. Wilson	County Attorney
Jim Womack	Jailer
Donald L. Davidson	County Clerk
Allen Reed	Circuit Court Clerk
Keith M. Cooper	Sheriff
Bill Clarey	Property Valuation Administrator
Robert Greene	Coroner

Appointed Personnel:

Carol Vinson	County Treasurer
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STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

GREENUP COUNTY
STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

June 30, 2001

Assets and Other Resources

Assets

General Fund Type

General Fund:

Cash	\$ 27,150
Investments	201,151

Road and Bridge Fund:

Cash	13,851
Investments	330,515

Jail Fund:

Cash	3,319
------	-------

Local Government Economic Assistance Fund:

Cash	30,597
------	--------

Landfill Escrow Fund:

Cash	96,868
Investments	285,608

Public Defender Fund:

Cash	10,545
------	--------

Payroll Revolving Account - Cash

445

Retirement Account - Cash

46

\$ 1,000,095

Special Revenue Fund Type

State Grants Fund:

Cash	\$ 45,890
Investments	30,511

Federal Grants Fund:

Cash	11,321
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Revolving Loan Fund:

Cash	2,173
Investments	321,757

E911 Fund:

Cash	26,040	437,692
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The accompanying notes are an integral part of the financial statements.

GREENUP COUNTY
 STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
 ARISING FROM CASH TRANSACTIONS
 June 30, 2001
 (Continued)

Total Assets and Other Resources (Continued)

Assets (Continued)

Debt Service Fund Type

Public Properties Corporation Fund:

Cash	\$	30,414	
Investments		<u>474,863</u>	\$ 505,277

Other Resources

Special Revenue Fund Type

Revolving Loan Fund:

Note Receivable (Note 4)			217,897
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Debt Service Fund Type

Public Properties Corporation Fund:

Amounts to be Provided in Future Years for Bond Payments			
1997 Issue			<u>1,639,723</u>

Total Assets and Other Resources			<u>\$ 3,800,684</u>
----------------------------------	--	--	---------------------

Liabilities and Fund Balances

Liabilities

General Fund Type

Payroll Revolving Account	\$	445	
Retirement Account - Cash		<u>46</u>	\$ 491

Special Revenue Fund Type

Revolving Loan Fund:

Deferred Revenue (Note 4)			217,897
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The accompanying notes are an integral part of the financial statements.

GREENUP COUNTY
 STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
 ARISING FROM CASH TRANSACTIONS
 June 30, 2001
 (Continued)

Liabilities and Fund Balances (Continued)

Liabilities (Continued)

Debt Service Fund Type

Public Properties Corporation Fund:

1997 Refunding Issue - Bond Principal Not Matured (Note 5)	\$ 2,145,000
--	--------------

Fund Balances

Reserved:

General Fund Type

Local Government Economic Assistance Fund	\$ 30,597	
Public Defender Fund	<u>10,545</u>	41,142

Special Revenue Fund Type

State Grants Fund	\$ 76,401	
Federal Grants Fund	11,321	
Revolving Loan Fund	323,930	
E911 Fund	<u>26,040</u>	437,692

Unreserved:

General Fund Type

General Fund	\$ 228,301	
Road and Bridge Fund	344,366	
Jail Fund	3,319	
Landfill Escrow Fund	<u>382,476</u>	<u>958,462</u>

Total Liabilities and Fund Balances		<u><u>\$ 3,800,684</u></u>
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The accompanying notes are an integral part of the financial statements.

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STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

GREENUP COUNTY
STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

Fiscal Year Ended June 30, 2001

	<u>General Fund Type</u>			
	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Cash Receipts</u>				
Schedule of Operating Revenue	\$ 6,353,388	\$ 1,817,400	\$ 1,839,829	\$ 603,208
Transfers In	845,665	160,000		401,025
Kentucky Advance Revenue Program	1,420,800	954,700	466,100	
Total Cash Receipts	<u>\$ 8,619,853</u>	<u>\$ 2,932,100</u>	<u>\$ 2,305,929</u>	<u>\$ 1,004,233</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 6,033,689	\$ 1,167,883	\$ 1,537,742	\$ 1,068,008
Schedule of Public Properties Corporation Fund Expenditures	196,643			
Transfers Out	845,665	666,901	160,000	
Bonds:				
Principal Paid	140,000			
Interest Paid	114,797			
Kentucky Advance Revenue Program Repaid	1,420,800	954,700	466,100	
Total Cash Disbursements	<u>\$ 8,751,594</u>	<u>\$ 2,789,484</u>	<u>\$ 2,163,842</u>	<u>\$ 1,068,008</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ (131,741)	\$ 142,616	\$ 142,087	\$ (63,775)
Cash Balance - July 1, 2000 (a)(b)(c)	<u>2,074,314</u>	<u>85,685</u>	<u>202,279</u>	<u>67,094</u>
Cash Balance - June 30, 2001 (a)	<u><u>\$ 1,942,573</u></u>	<u><u>\$ 228,301</u></u>	<u><u>\$ 344,366</u></u>	<u><u>\$ 3,319</u></u>

(a) Cash balance includes investments.

(b) The General Fund prior year balance does not agree to prior year audit due to a clerical error that caused a misstatement of the prior year ending balance.

(c) The Public Properties Corporation Fund prior year balance was adjusted due to a miscalculation in prior year.

The accompanying notes are an integral part of the financial statements.

GREENUP COUNTY
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
Fiscal Year Ended June 30, 2001
(Continued)

General Fund Type				Special Revenue Fund Type	
Local Government Economic Assistance Fund	Landfill Escrow Fund	Public Defender Fund	Local Government Economic Development Fund	State Grants Fund	Federal Grants Fund
\$ 42,974	\$ 445,117	\$ 24,830 15,000	\$ 33,535 460	\$ 290,063 15,880	\$ 668,882
\$ 42,974	\$ 445,117	\$ 39,830	\$ 33,995	\$ 305,943	\$ 668,882
\$ 21,158	\$ 486,428	\$ 34,087	\$ 21,054	\$ 797,310	\$ 667,635
			14,079	4,225	
\$ 21,158	\$ 486,428	\$ 34,087	\$ 35,133	\$ 801,535	\$ 667,635
\$ 21,816 8,781	\$ (41,311) 423,787	\$ 5,743 4,802	\$ (1,138) 1,138	\$ (495,592) 571,993	\$ 1,247 10,074
\$ 30,597	\$ 382,476	\$ 10,545	\$ 0	\$ 76,401	\$ 11,321

The accompanying notes are an integral part of the financial statements.

GREENUP COUNTY
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN CASH BALANCES
 Fiscal Year Ended June 30, 2001
 (Continued)

	<u>Special Revenue Fund Type</u>		<u>Debt Service Fund Type</u>
	<u>Revolving Loan Fund</u>	<u>E911 Fund</u>	<u>Public Properties Corporation Fund</u>
<u>Cash Receipts</u>			
Schedule of Operating Revenue	\$ 522,942	\$ 26,040	\$ 38,568
Transfers In	14,079		239,221
Kentucky Advance Revenue Program			
Total Cash Receipts	<u>\$ 537,021</u>	<u>\$ 26,040</u>	<u>\$ 277,789</u>
<u>Cash Disbursements</u>			
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 232,384	\$	\$
Schedule of Public Properties Corporation Fund Expenditures			196,643
Transfers Out	460		
Bonds:			
Principal Paid			140,000
Interest Paid			114,797
Kentucky Advance Revenue Program Repaid			
Total Cash Disbursements	<u>\$ 232,844</u>	<u>\$</u>	<u>\$ 451,440</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ 304,177	\$ 26,040	\$ (173,651)
Cash Balance - July 1, 2000 (a)(b)(c)	<u>19,753</u>		<u>678,928</u>
Cash Balance - June 30, 2001 (a)	<u><u>\$ 323,930</u></u>	<u><u>\$ 26,040</u></u>	<u><u>\$ 505,277</u></u>

(a) Cash balance includes investments.

(b) The General Fund prior year balance does not agree to prior year audit due to a clerical error that caused a misstatement of the prior year ending balance.

(c) The Public Properties Corporation Fund prior year balance was adjusted due to a miscalculation in prior year.

The accompanying notes are an integral part of the financial statements.

GREENUP COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 2001

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Greenup County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the criteria stated in GASB 14, management has included the Public Properties Corporation Fund as part of the reporting entity.

Additional Greenup County Constitutional Elected Officials

- Circuit Court Clerk
- County Attorney
- County Clerk
- County Sheriff
- Property Valuation Administrator

The Kentucky constitution provides for election of the above officials from the geographic area constituting Greenup County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Greenup County Fiscal Court's Fund Types, a definition of each, and county funds included within each fund type are listed below.

1) General Fund Type

General Fund Type accounts for all financial resources except those required to be accounted for in another fund type. The Greenup County General Fund Type includes the following county funds: General Fund, Road and Bridge Fund, Jail Fund, Local Government Economic Assistance Fund (LGEA), Landfill Escrow Fund, Public Defender Fund, and Local Government Economic Development Fund.

GREENUP COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2001
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

2) Special Revenue Fund Type

Special Revenue Fund Type accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for the specified purpose. The State Grants Fund, Federal Grants Fund, Revolving Loan Fund, and the E911 Fund of the Fiscal Court are reported as Special Revenue Fund Types.

3) Debt Service Fund Type

Debt Service Fund Type accounts for the accumulation of resources for the payment of general long-term debt principal and interest and includes funds for the Public Properties Corporation Fund. Debt service is provided through annual transfers from the General Fund Type in the amount of the debt service requirements for the year.

C. Basis of Accounting

For all fund types, the county utilizes a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received, except for the recording of long-term receivables and deferred revenue. Expenditures are recognized when paid, except for the recording of long-term obligations and amounts to be provided in future years.

D. Legal Compliance - Budget

The Greenup County budget is adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

Formal budgets are not adopted for the Public Properties Corporation Fund because bond indentures and other relevant contractual provisions require specific payments to and from this fund annually and transfers are budgeted in the General Fund Type to comply with these requirements. The Department for Local Government does not require this fund to be budgeted.

GREENUP COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2001
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

E. Cash and Investments

Cash includes amounts in bank accounts, and investments are stated at cost. Investments may include certificates of deposit on the financial statements; however, for the purpose of disclosing credit risk (Note 3), investments exclude certificates of deposit.

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

F. Jointly Governed Organization

A jointly governed organization is an entity that results from a multigovernmental arrangement that is governed by representatives from each participating government. The entity provides services to the citizens of each participating government, but there is no ongoing financial interest or responsibility by the participating governments. The jointly governed organization can act independently of each of the participating governments. The Northeast Kentucky Regional Industrial Park Authority meets the criteria noted above and is disclosed as an organization jointly governed by the Kentucky counties of Boyd, Carter, Elliott, Greenup, and Lawrence.

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.17 percent

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report.

GREENUP COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2001
(Continued)

Note 3. Deposits

The county maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of June 30, 2001, the county's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the county's agent in the county's name, or provided surety bond which named the county as beneficiary/obligee on the bond.

Note 4. Receivables

- A. The County's Revolving Loan Fund loaned \$235,000 to R&D Associates, Inc. on June 8, 1998. Terms of the agreement stipulate 30 quarterly payments in the amount of \$7,481 commencing October 10, 1998. Interest is at the rate of 5% per annum. The principal balance as of June 30, 2001, was \$176,343.
- B. The County's Revolving Loan Fund loaned \$40,000 to Ohio River Shippers on September 18, 2000. Terms of the agreement stipulate 60 monthly payments in the amount of \$755 commencing October 1, 2000. Interest is at the rate of 5% per annum. As of June 30, 2001, Ohio River Shippers was four months behind in payments. The balance as of June 30, 2001, is \$41,554 which includes late charges.

Note 5. Long-Term Debt

On September 1, 1997, the Greenup County Public Properties Corporation issued \$2,745,000 of First Mortgage Refunding Revenue Bonds, Series 1997 for the purpose of defeasing the 1990 Bond Series Issue. The 1990 bonds were originally issued to finance the construction of the Greenup County Courthouse Annex and Detention Center Project. The Refunding Bonds dated September 1, 1997, require two semiannual interest payments be made on March 1 and September 1 of each year commencing March 1, 1998. Principal payments are due on March 1 of each year commencing March 1, 1998. The bonds will mature March 1, 2012. As of June 30, 2001, the principal balance remaining was \$2,145,000. Bond payments for the next five years are:

GREENUP COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2001
(Continued)

Note 5. Long-Term Debt (Continued)

<u>Fiscal Year</u>	<u>Scheduled Interest</u>	<u>Scheduled Principal</u>
2001-2002	\$ 108,148	\$ 150,000
2002-2003	101,022	160,000
2003-2004	93,423	165,000
2004-2005	85,420	175,000
2005-2006	76,845	180,000
Remaining	<u>250,092</u>	<u>1,315,000</u>
Totals	<u>\$ 714,950</u>	<u>\$ 2,145,000</u>

Note 6. Lease-Purchase Agreements

The county has entered into the following lease-purchase agreements:

<u>Description</u>	<u>Monthly Payment</u>	<u>Term of Agreement</u>	<u>Ending Date</u>	<u>Balance as of 6/30/01</u>
Voting Machines	Variable	10 Years	02/01/02	\$ 18,635
Equipment	Variable	5 Years	02/01/02	\$ 11,350

Note 7. Jail Canteen Fund

The canteen operations are authorized pursuant to KRS 441.135(1), which allows the jailer to sell snacks, sodas, and other items to inmates. The profits generated from the sale of those items are to be used for the benefit or recreation of the inmates. KRS 441.135(2) requires the jailer to maintain accounting records and report annually to the county treasurer the receipts and disbursements of the Jail Canteen. Technical Audit Bulletin 93-002 provides additional accounting and expenditure guidance for acceptable jail canteen operations.

During the fiscal year ending June 30, 2001, the Greenup County Jail Canteen received \$115,585 and expended \$108,665. The Jail Canteen reported June 30, ending balances of \$44,680 and \$51,600 for fiscal years ending 2000 and 2001 respectively.

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COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

GREENUP COUNTY
COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

Fiscal Year Ended June 30, 2001

<u>Budgeted Funds</u>	<u>Budgeted Operating Revenue</u>	<u>Actual Operating Revenue</u>	<u>Over (Under) Budget</u>
<u>General Fund Type</u>			
General Fund	\$ 2,561,490	\$ 1,820,725	\$ (740,765)
Road and Bridge Fund	2,095,800	1,839,829	(255,971)
Jail Fund	618,029	603,208	(14,821)
Local Government Economic Assistance Fund	148,500	42,974	(105,526)
Landfill Escrow Fund	420,000	445,117	25,117
Public Defender Fund	48,800	24,830	(23,970)
Local Government Economic Development Fund	33,704	33,535	(169)
<u>Special Revenue Fund Type</u>			
State Grants Fund	970,000	290,063	(679,937)
Federal Grants Fund	2,306,444	668,882	(1,637,562)
Revolving Loan Fund	408,400	522,942	114,542
E911 Fund		26,040	26,040
Totals	<u>\$ 9,611,167</u>	<u>\$ 6,318,145</u>	<u>\$ (3,293,022)</u>
<u>Reconciliation</u>			
Total Budgeted Operating Revenue Above			\$ 9,611,167
Add: Budgeted Prior Year Surplus			1,418,819
Less: Other Financing Uses			<u>(1,666,671)</u>
Total Operating Budget Per Comparative Schedule Of Final Budget and Budgeted Expenditures			<u>\$ 9,363,315</u>

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SCHEDULE OF OPERATING REVENUE

GREENUP COUNTY
SCHEDULE OF OPERATING REVENUE

Fiscal Year Ended June 30, 2001

Revenue Categories	<u>GOVERNMENTAL FUND TYPES</u>			
	Totals (Memorandum Only)	General Fund Type	Special Revenue Fund Type	Debt Service Fund Type
Taxes	\$ 1,299,507	\$ 1,273,467	\$ 26,040	\$
In Lieu Tax Payments	2,089	2,089		
Excess Fees	120,570	120,570		
License and Permits	458,312	458,312		
Intergovernmental Revenues	3,236,054	2,349,591	886,463	
Charges for Services	80,665	79,530	1,135	
Miscellaneous Revenues	927,529	389,553	537,976	
Interest Earned	228,662	133,781	56,313	38,568
Total Operating Revenue	<u>\$ 6,353,388</u>	<u>\$ 4,806,893</u>	<u>\$ 1,507,927</u>	<u>\$ 38,568</u>

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COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

GREENUP COUNTY
COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

Fiscal Year Ended June 30, 2001

Expenditure Categories	GENERAL FUND TYPE		
	Final Budget	Budgeted Expenditures	Under (Over) Budget
General Government	\$ 674,255	\$ 659,587	\$ 14,668
Protection to Persons and Property	922,348	905,864	16,484
General Health and Sanitation	295,400	148,380	147,020
Social Services	84,100	43,133	40,967
Roads	2,083,313	1,721,159	362,154
Airports	6,000	6,000	
Debt Service	62,203	62,062	141
Capital Projects	33,504	21,054	12,450
Administration	892,274	769,121	123,153
 Total Operating Budget - General Fund Type	 \$ 5,053,397	 \$ 4,336,360	 \$ 717,037
Other Financing Uses:			
Transfers to Public Properties			
Corporation Fund-			
Principal	140,000	140,000	
Interest	105,871	114,797	(8,926)
Borrowed Money-			
Kentucky Advanced Revenue			
Program - Principal	1,420,800	1,420,800	
 TOTAL BUDGET - GENERAL FUND TYPE	 \$ 6,720,068	 \$ 6,011,957	 \$ 708,111

GREENUP COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 2001
 (Continued)

Expenditure Categories	SPECIAL REVENUE FUND TYPE		
	Final Budget	Budgeted Expenditures	Under (Over) Budget
General Government	\$ 200,000	\$ 122,961	\$ 77,039
Protection to Persons and Property	83,813	73,641	10,172
General Health and Sanitation	1,652,500	872,410	780,090
Social Services	53,271	16,496	36,775
Recreation and Culture	152,012	129,496	22,516
Other Transportation Facilities and Services	233,300	232,026	1,274
Capital Projects	1,629,273	125,766	1,503,507
Administration	305,749	124,533	181,216
 TOTAL BUDGET - SPECIAL REVENUE FUND TYPE	 \$ 4,309,918	 \$ 1,697,329	 \$ 2,612,589

SCHEDULE OF PUBLIC PROPERTIES CORPORATION FUND EXPENDITURES

GREENUP COUNTY
SCHEDULE OF PUBLIC PROPERTIES CORPORATION FUND EXPENDITURES

Fiscal Year Ended June 30, 2001

<u>Expenditure Items</u>	<u>Amounts</u>
Building	\$ 52,652
Land	125,000
Repairs and Equipment	17,383
Trustee Fees	360
Miscellaneous	<u>1,248</u>
Totals	<u>\$ 196,643</u>

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Paul E. Patton, Governor

T. Kevin Flanery, Secretary

Finance and Administration Cabinet

Dana Mayton, Secretary, Revenue Cabinet

Honorable Robert W. Carpenter, Greenup County Judge/Executive

Members of the Greenup County Fiscal Court

**Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards**

We have audited the financial statements of Greenup County, Kentucky, as of and for the year ended June 30, 2001, and have issued our report thereon dated January 28, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Greenup County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Greenup County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended solely for the information and use of management and the federal awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
January 28, 2002

REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133



EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Paul E. Patton, Governor

T. Kevin Flanery, Secretary

Finance and Administration Cabinet

Dana Mayton, Secretary, Revenue Cabinet

Honorable Robert W. Carpenter, Greenup County Judge/Executive

Members of the Greenup County Fiscal Court

Report On Compliance With Requirements
Applicable To Each Major Program And On Internal Control
Over Compliance In Accordance With OMB Circular A-133

Compliance

We have audited the compliance of Greenup County, Kentucky, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2001. Greenup County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Greenup County's management. Our responsibility is to express an opinion on Greenup County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Greenup County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Greenup County's compliance with those requirements.

In our opinion, Greenup County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2001.

Report On Compliance With Requirements
Applicable To Each Major Program And On Internal Control
Over Compliance In Accordance With OMB Circular A-133
(Continued)

Internal Control Over Compliance

The management of Greenup County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Greenup County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, federal awarding agencies, and pass-through entities, and is not intended to be, and should not be, used by anyone other than the specified parties.

Respectfully submitted,



Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
January 28, 2002

FINDINGS AND QUESTIONED COSTS

GREENUP COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Fiscal Year Ended June 30, 2001

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Greenup County.
2. No reportable conditions relating to the audit of the financial statements are reported in the Independent Auditor's Report.
3. No instances of noncompliance material to the financial statements of Greenup County were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal awards programs are reported in the Independent Auditor's Report.
5. The auditor's report on compliance for the audit of the major federal awards programs for Greenup County expresses an unqualified opinion.
6. There are no audit findings relative to the major federal awards programs for Greenup County reported in Part C of this schedule.
7. The program tested as a major program was: Federal Emergency Management Agency Grant, CFDA #83.544
8. The threshold for distinguishing Type A and B programs was \$300,000.
9. Greenup County was determined to be a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

REPORTABLE CONDITIONS

None.

NONCOMPLIANCES

None.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARDS PROGRAM
AUDIT

None.

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

GREENUP COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Fiscal Year Ended June 30, 2001

Federal Grantor Program Title <u>Grant Name (CFDA #)</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
Cash Programs:		
<u>U.S. Department of Housing and Urban Development</u>		
Passed-Through State Department for Local Government:		
Community Development Block Grants- Riverport Industrial Development (CFDA #14.228)	B-97-DC-21-0001(045)	\$ 16,343
Phase VI Water Project (CFDA #14.228)	B-98-DC-21-0001(019)	402,770
<u>U.S. Department of Justice</u>		
Passed-Through State Justice Cabinet:		
Local Delinquency Prevention (CFDA #16.548)	2000-JP-FX-0921-(24-1)	16,496
<u>U.S. Department of Transportation</u>		
Passed-Through State Justice Cabinet:		
Highway Planning and Construction- McConnell House Restoration (CFDA #20.205)	FD-52-C-99016538	232,076
<u>U. S. Federal Emergency Management Agency</u>		
Passed-Through State Department of Military Affairs:		
Disaster and Emergency Assistance Grants- February 2000 Severe Weather (CFDA #83.544)	FEMA-1320-DR-KY	298,240
Total Cash Expenditures of Federal Awards		<u>\$ 965,925</u>

GREENUP COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Fiscal Year Ended June 30, 2001

Note 1 - Basis of Presentation

This schedule is presented on a modified cash basis.

Note 2 - As required by this grant agreement, all program moneys received by the recipient after the completion of all recipient grant activities shall be used by the recipient for community or economic development activities eligible for assistance under Title I of the Housing and Community Development Act of 1974, so specified in the Commonwealth of Kentucky's Community Development Block Grant Eligible Activities Policy Statement.

CERTIFICATION OF COMPLIANCE -
LOCAL GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAMS

GREENUP COUNTY FISCAL COURT

Fiscal Year Ended June 30, 2001

Appendix A

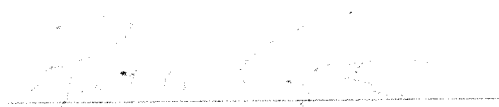
CERTIFICATION OF COMPLIANCE

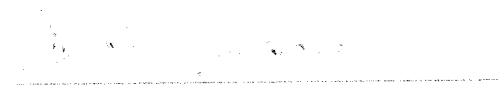
LOCAL GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAMS

GREENUP COUNTY FISCAL COURT

Fiscal Year Ended June 30, 2001

The Greenup County Fiscal Court hereby certifies that assistance received from the Local Government Economic Development Program and Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.



Greenup County Judge/Executive

Greenup County Treasurer

